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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Local Telecommunications Division
Regulatory Affairs

September 14, 1998

Kathryn C. Brown
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N. W.
Room 500
Washington, DC 20554

Subject: In the Matter of Tariffs Implementing Access Charge Reform, CC Docket No. 97-250

Dear Ms. Brown:

The Sprint Local Telephone Companies hereby file their refund plan in response to the Commission's June 1, 1998 order in this proceeding. In the order, the Commission concluded that Sprint LTC had incorrectly determined the amount of its base factor portion (BFP) costs, and directed Sprint LTC to make refunds to correct for the effect that this understatement had on carrier common line charges from January 1, 1998 to June 30, 1998. The Commission ordered Sprint LTC to file a refund plan within 90 days, and delegated authority to the Common Carrier Bureau to review and approve the plan.

The attached document describes Sprint LTC's plan for making these refunds to customers who paid carrier common line charges during January 1, 1998 to June 30, 1998. If the bureau approves the plan, Sprint LTC will implement the refunds beginning in October.

If you have any question, please contact me at 202-828-7452.

Sincerely,

Pete Sywenki

cc: Ms. Magalie Roman Salas
ITS, Inc.

Sprint LTC's Proposal For Carrier Common Line Refund

In the Commission's June 1, 1998 Memorandum Opinion and Order, (FCC 98-106), In the Matter of Tariffs Implementing Access Charge Reform, CC Docket No. 97-250, the Commission required Sprint LTC to revise its carrier common line charges, effective July 1, 1998, to remove the effect of past understatements of base factor portion costs. In the same order, the Commission also required Sprint LTC to make refunds to carriers for the effect of such understatements on carrier common line charges during the period of the investigation (from January 1, 1998 to June 30, 1998), plus interest to the date of payment.

In Sprint LTC's 1998 Annual Access Tariff Filing, Exhibit 2-1, pages 228 and 229, filed June 19, 1998 in Transmittal No. 57 (see attached), Sprint LTC calculated the changes that would have to be made to the carrier common line charges that went into effect on January 1, 1998 to eliminate the effect of past understatements of base factor portion costs using the methodology prescribed by the Commission in the Access Charge Reform Tariff Order. As previously illustrated in Exhibit 2-1, page 228, the annual carrier common line revenues would have been \$695,854 lower overall for the Sprint LTC. This equates to a reduction in the carrier common line charge of \$0.000035 per minute of use.

These reductions will be used to calculate refunds for customers that paid carrier common line charges during the period from January 1, 1998 through June 30, 1998. Sprint LTC's refund procedure is as follows:

Step 1: Calculate the carrier common line charge reduction that will be applied to each customer's originating and terminating carrier common line charge billed minutes of use, by month, from 1/1/98 to 6/30/98.

Step 2: Using the Internal Revenue Service underpayment interest rate, compounded daily, Sprint LTC will apply the appropriate interest amount to each of the amounts calculated in Step 1, to the date that the refund is credited to the customer's account. Sprint LTC currently plans to make these adjustments beginning in October. The annual interest rate factor is 8.0% for January through March 1998, and 7.0% for April through the remainder of the period.

Step 3: The sum of the amounts from Step 1 (overstated carrier common line charge) and Step 2 (interest) is the total refund which will be provided to each customer.

Sprint LTC is submitting the above refund plan to make proper adjustments to customers bills who paid carrier common line charges during January 1, 1998 through June 30, 1998. Once Sprint LTC's plan is approved by the Common Carrier Bureau, Sprint LTC will begin implementing these refunds in October.

IMPACT OF OVERSTATED CCL RATES 1991-1997

	Chargeable CCL Demand Minutes (A)	Premium CCL Rate * Annual Filing (B)	CCL Revenue (C) = (A * B)	Recomputed Premium CCL Rate ** (D)	Recomputed CCL Revenues (E) = (A*D)	Excess CCL Billing (F) = (C-E)
SPRINT LTC - FLORIDA	5,427,463,370	\$ 0.011925	\$ 64,721,844	\$ 0.011925	\$ 64,721,861	\$ (17)
SPRINT LTC - ILLINOIS	645,621,762	\$ 0.006310	\$ 4,073,590	\$ 0.006677	\$ 4,310,771	\$ (237,181)
SPRINT LTC - INDIANA	547,374,731	\$ 0.015664	\$ 8,574,129	\$ 0.015663	\$ 8,573,766	\$ 363
SPRINT LTC - NEVADA	3,058,326,281	\$ 0.001191	\$ 3,643,051	\$ 0.001154	\$ 3,530,757	\$ 112,293
SPRINT LTC - NORTH CAROLINA	3,385,715,257	\$ 0.011567	\$ 39,161,973	\$ 0.011437	\$ 38,723,848	\$ 438,126
SPRINT LTC - OHIO	1,160,512,705	\$ 0.016583	\$ 19,244,538	\$ 0.016385	\$ 19,015,554	\$ 228,984
SPRINT LTC - EASTERN	1,477,758,426	\$ 0.008850	\$ 13,077,632	\$ 0.008848	\$ 13,074,589	\$ 3,043
SPRINT LTC - MIDWEST	2,124,109,195	\$ 0.020857	\$ 44,303,096	\$ 0.020716	\$ 44,003,348	\$ 299,748
SPRINT LTC - NORTHWEST	358,021,068	\$ 0.016918	\$ 6,057,126	\$ 0.016918	\$ 6,057,077	\$ 50
SPRINT LTC - SOUTHEAST	1,864,732,747	\$ 0.012718	\$ 23,715,416	\$ 0.012798	\$ 23,864,970	\$ (149,554)
TOTAL SPRINT LTC	20,049,635,543	\$ 0.011301	\$ 226,572,395	\$ 0.011266	\$ 225,876,541	\$ 695,854

Note: Column A = 1997 Annual Filing Historical Demand (1996 Calendar Year)

ACCESS REFORM RATE COMPARISON

	12/31/97 Rates		1/1/98 Access Reform Rates		Difference	
	Terminating CCL Premium Capped Rate	Originating CCL Premium Capped Rate	Terminating CCL Premium Capped Rate	Originating CCL Premium Capped Rate	Terminating CCL Premium Capped Rate	Originating CCL Premium Capped Rate
SPRINT LTC - FLORIDA	0.013280938	0.010000000	0.013280943	0.010000000	0.000000005	0.000000000
SPRINT LTC - ILLINOIS	0.006309561	0.006309561	0.006676929	0.006676929	0.000367368	0.000367368
SPRINT LTC - INDIANA	0.019385552	0.010000000	0.019384452	0.010000000	-0.000001100	0.000000000
SPRINT LTC - NEVADA	0.001191191	0.001191191	0.001154474	0.001154474	-0.000036717	-0.000036717
SPRINT LTC - NORTH CAROLINA	0.012623939	0.010000000	0.012407228	0.010000000	-0.000216711	0.000000000
SPRINT LTC - OHIO	0.020955939	0.010000000	0.020633953	0.010000000	-0.000321986	0.000000000
SPRINT LTC - EASTERN	0.008896244	0.008896244	0.008894174	0.008894174	-0.000002070	-0.000002070
SPRINT LTC - MIDWEST	0.029139756	0.010000000	0.028895726	0.010000000	-0.000244030	0.000000000
SPRINT LTC - NORTHWEST	0.021536131	0.010000000	0.021536362	0.010000000	0.000000231	0.000000000
SPRINT LTC - SOUTHEAST	0.014369493	0.010000000	0.014498433	0.010000000	0.000128939	0.000000000